

# MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

---

## ECONOMIC HIGHLIGHTS

---



### United States

- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** showed growth of 1.6% in the first quarter of 2003, up from 1.4% in the fourth quarter of 2002. The continued slow growth during the first quarter reflected slower growth in personal consumption expenditures and declining investment spending.
- **Retail sales** declined 0.1% from March to April but were 4.0% above the April 2002 level. The monthly decrease reflected higher sales in motor vehicles and parts, apparel, and building materials, which slightly less than offset declines in virtually every other retail sector.
- **Motor vehicle sales** rose 4.5% from February to March but were 3.0% below the level one year ago. Sales of imported light trucks rose 18.2% in March and were 23.2% above the level one year ago. Sales of domestic light trucks were up 1.7% between February and March, but were 4.6% below the year-ago level. As a result, the share of light truck sales consisting of imports increased from 14.0% in February to 15.9% in March.
- The **unemployment rate** increased from 5.8% in March to 6.0% in April despite the first increase in employment since January, which was only the second increase since September 2002. The entry of 680,000 persons into the labor force pushed the unemployment rate higher because employment grew only by 339,000 jobs, resulting in a 341,000-person increase in the number of people unemployed.



### Michigan

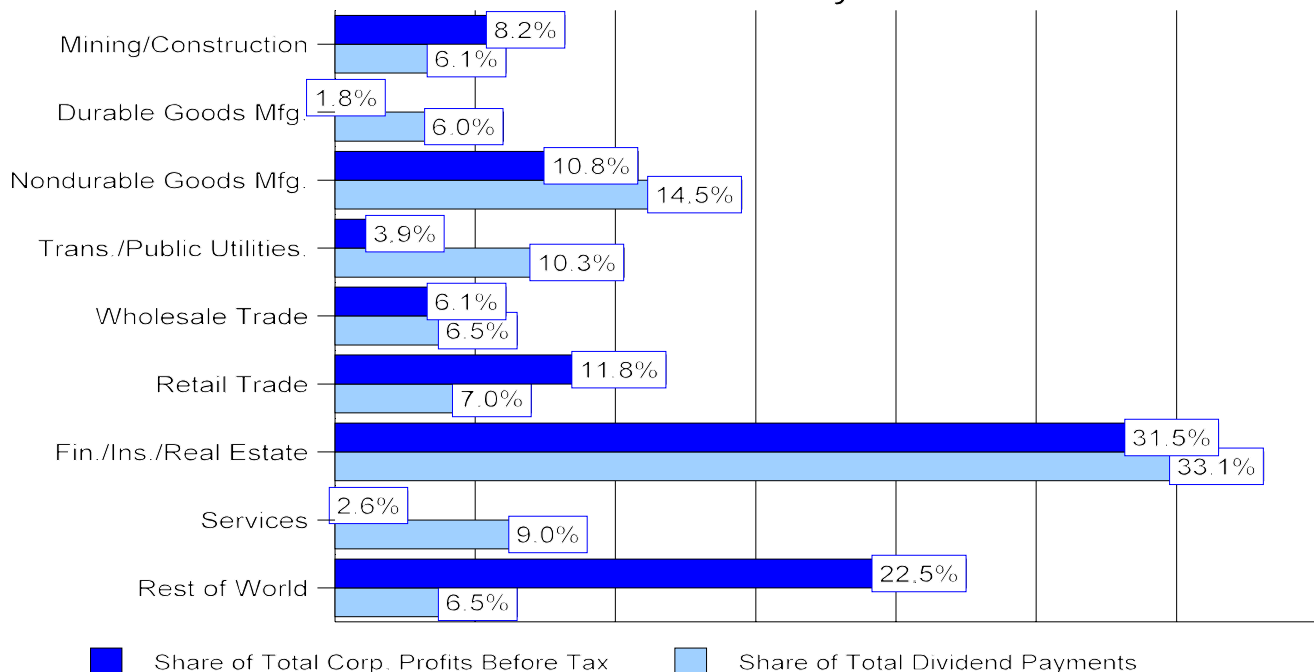
- **Michigan wage and salary employment** fell by 18,000 jobs from February to March. Most of the decrease appeared in the service-producing sector, which lost 13,000 jobs. The largest reductions occurred in the leisure and hospitality services sector, where employment fell by 5,000 jobs, and government, where employment declined by 6,000 jobs. The manufacturing sector remained essentially flat, but was 28,000 jobs below the level in March 2002.
- The **Michigan unemployment rate** increased to 6.7% in March, from 6.6% in February and 6.2% in January. March marked the 28<sup>th</sup> consecutive month that the Michigan unemployment rate has been above the U.S. rate. The last time the Michigan unemployment rate was below the U.S. average was October 2000.
- **Average weekly earnings** were above year-ago levels in most sectors in March. The sectors exhibiting meaningful declines in average weekly earnings were nondurable goods manufacturing, wholesale trade, retail trade and information, and personal and laundry services. Average weekly earnings were up the most in the motor vehicle parts manufacturing, financial activities, and health care and social assistance sectors, with earnings from 2.0% to 8.7% above the March 2002 level. Many of the gains appeared to reflect higher wages, since compared with one year ago average weekly hours were down slightly in most sectors.

| <b>U.S. &amp; MICHIGAN LABOR MARKET NEWS</b><br>(Seasonally Adjusted, Thousands) |                      |                      |                      |                         |                |                             |                |
|--|----------------------|----------------------|----------------------|-------------------------|----------------|-----------------------------|----------------|
| <b>U.S.</b>  | <b>Apr.<br/>2003</b> | <b>Mar.<br/>2003</b> | <b>Apr.<br/>2002</b> | <b>Change From Mar.</b> |                | <b>Change From Year Ago</b> |                |
|  |                      |                      |                      | <b>Number</b>           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Labor Force  | 146,473              | 145,793              | 144,763              | 680                     | 0.5%           | 1,710                       | 1.2%           |
| Employment   | 137,687              | 137,348              | 136,196              | 339                     | 0.2            | 1,491                       | 1.1            |
| Unemployment   | 8,786                | 8,445                | 8,567                | 341                     | 4.0            | 219                         | 2.6            |
| Unemployment Rate  | 6.0%                 | 5.8%                 | 5.9%                 | —                       | —              | —                           | —              |
| <b>Michigan</b>  | <b>Mar.<br/>2003</b> | <b>Feb.<br/>2002</b> | <b>Mar.<br/>2002</b> | <b>Change From Feb.</b> |                | <b>Change From Year Ago</b> |                |
|  |                      |                      |                      | <b>Number</b>           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Labor Force  | 5,105                | 5,124                | 5,045                | (19)                    | (0.4)%         | 60                          | 1.2%           |
| Employment   | 4,761                | 4,787                | 4,725                | (26)                    | (0.6)          | 36                          | 0.8            |
| Unemployment   | 344                  | 337                  | 319                  | 7                       | 2.1            | 24                          | 7.6            |
| Unemployment Rate  | 6.7%                 | 6.6%                 | 6.3%                 | —                       | —              | —                           | —              |

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

## Profits and Dividend Payments, 2001

### Profits and Dividends Rarely Related



**Source:** Bureau of Economic Analysis, U.S. Department of Commerce

**MICHIGAN WAGE AND SALARY EMPLOYMENT  
(Seasonally Adjusted, Thousands)**

|                                     | Mar.<br>2003* | Feb.<br>2002 | Mar.<br>2002 | Change from Feb. |         | Change from Yr Ago |         |
|-------------------------------------|---------------|--------------|--------------|------------------|---------|--------------------|---------|
|                                     |               |              |              | Number           | Percent | Number             | Percent |
| <b>Total Nonagricultural Jobs</b>   | 4,419         | 4,437        | 4,472        | (18)             | (0)%    | (53)               | (1)%    |
| <b>Goods Producing Industries</b>   | 943           | 948          | 975          | (5)              | (1)     | (33)               | (3)     |
| Natural Resources & Mining          | 7             | 8            | 9            | (0)              | (5)     | (2)                | (18)    |
| Construction                        | 199           | 202          | 202          | (3)              | (2)     | (3)                | (1)     |
| Manufacturing                       | 737           | 738          | 765          | (1)              | (0)     | (28)               | (4)     |
| Transportation Equipment            | 279           | 279          | 296          | 0                | 0       | (17)               | (6)     |
| <b>Service Producing Industries</b> | 3,477         | 3,490        | 3,497        | (13)             | (0)     | (20)               | (1)     |
| Trade, Transportation & Utilities   | 832           | 833          | 837          | (0)              | (0)     | (5)                | (1)     |
| Information                         | 76            | 75           | 76           | 2                | 2       | 0                  | 1       |
| Financial Activities                | 216           | 215          | 214          | 1                | 0       | 2                  | 1       |
| Professional & Business Services    | 576           | 578          | 590          | (2)              | (0)     | (14)               | (2)     |
| Education & Health Services         | 540           | 542          | 527          | (1)              | (0)     | 14                 | 3       |
| Leisure & Hospitality Services      | 379           | 384          | 395          | (5)              | (1)     | (16)               | (4)     |
| Other Services                      | 173           | 174          | 174          | (0)              | (0)     | (0)                | (0)     |
| Government                          | 684           | 690          | 685          | (6)              | (1)     | (1)                | (0)     |

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

\* Preliminary

**MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS  
(Not Adjusted For Seasonal Variations)**

| Industry                                 | Average Weekly Hours |             |                   | Average Weekly Earnings |             |                   |
|--|----------------------|-------------|-------------------|-------------------------|-------------|-------------------|
|  | Mar.<br>2002         | Year<br>Ago | Percent<br>Change | Mar.<br>2003            | Year<br>Ago | Percent<br>Change |
| Natural Resources, Mining & Construction | 37.5                 | 38.8        | (3.4)%            | 828.00                  | 831.48      | (0.4)%            |
| Manufacturing                            | 41.7                 | 42.5        | (1.9)             | 865.28                  | 858.93      | 0.7               |
| Durable Goods                            | 42.6                 | 43.0        | (0.9)             | 941.46                  | 927.08      | 1.6               |
| Motor Vehicle Manufacturing              | 41.4                 | 42.8        | (3.3)             | 1,233.72                | 1,209.10    | 2.0               |
| Motor Vehicle Parts Manufacturing        | 44.1                 | 44.4        | (0.7)             | 1,132.05                | 1,102.01    | 2.7               |
| Nondurable Goods                         | 38.0                 | 40.2        | (5.5)             | 547.96                  | 562.80      | (2.6)             |
| Wholesale Trade                          | 35.4                 | 37.5        | (5.6)             | 659.15                  | 693.38      | (4.9)             |
| Retail Trade                             | 28.7                 | 28.6        | 0.3               | 315.41                  | 327.47      | (3.7)             |
| General Merchandise Stores               | 25.5                 | 25.2        | 1.2               | 232.05                  | 224.03      | 3.6               |
| Grocery Stores                           | 27.8                 | 27.8        | 0.0               | 284.12                  | 293.01      | (3.0)             |
| Information                              | 31.6                 | 33.5        | (5.7)             | 500.86                  | 507.53      | (1.3)             |
| Financial Activities                     | 37.2                 | 35.8        | 3.9               | 581.44                  | 534.85      | 8.7               |
| Professional & Business Services         | 33.7                 | 34.3        | (1.7)             | 564.48                  | 556.00      | 1.5               |
| Health Care & Social Assistance          | 33.7                 | 32.7        | 3.1               | 547.96                  | 519.28      | 5.5               |
| Leisure & Hospitality                    | 21.8                 | 21.9        | (0.5)             | 175.27                  | 171.04      | 2.5               |
| Auto. Repair & Maintenance               | 36.2                 | 36.4        | (0.5)             | 540.83                  | 516.52      | 4.7               |
| Personal & Laundry Services              | 25.7                 | 25.7        | 0.0               | 356.72                  | 374.45      | (4.7)             |

**Source:** U.S. Department of Labor, Bureau of Labor Statistics

**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

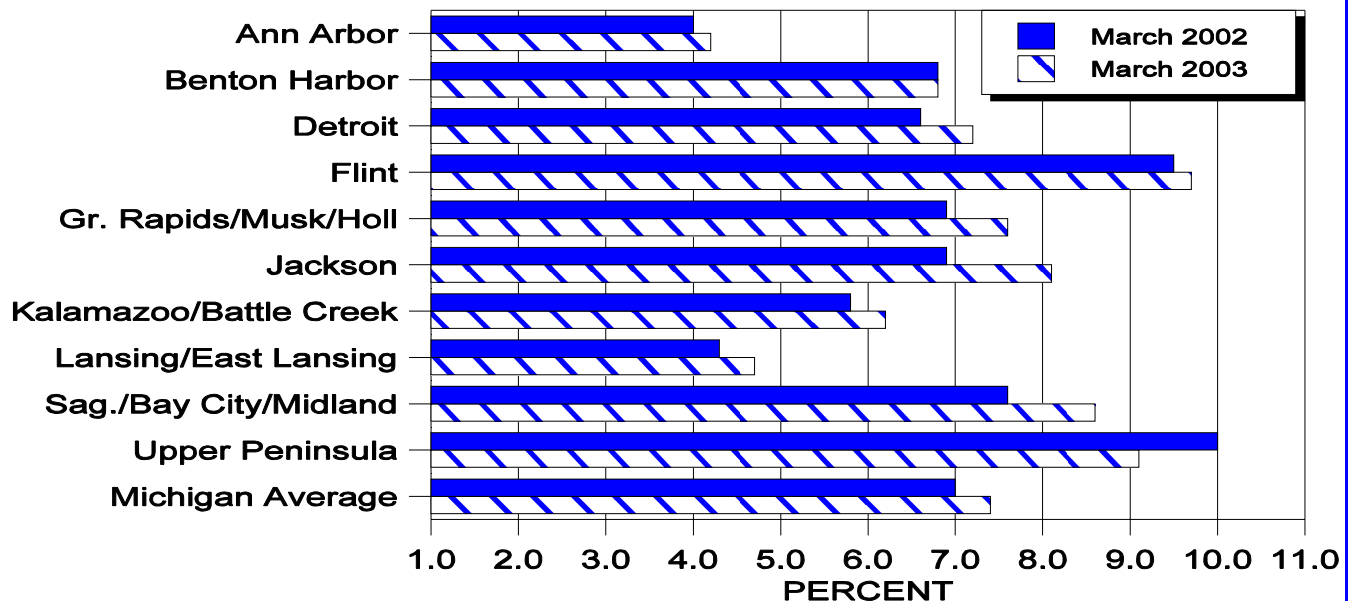
|  | Mar.<br>2003 | Feb.<br>2002 | Jan.<br>2003 | Mar.<br>2002 |
|--|--------------|--------------|--------------|--------------|
| <b>Metropolitan Statistical Areas</b>            |              |              |              |              |
| Ann Arbor  | 4.2%         | 4.1%         | 4.0%         | 4.0%         |
| Benton Harbor                                    | 6.8          | 6.8          | 6.9          | 6.8          |
| Detroit  | 7.2          | 7.0          | 6.9          | 6.6          |
| Flint  | 9.7          | 9.5          | 9.8          | 9.5          |
| Grand Rapids                                     | 7.6          | 7.4          | 7.4          | 6.9          |
| Jackson  | 8.1          | 7.7          | 7.6          | 6.9          |
| Kalamazoo-Battle Creek                           | 6.2          | 6.2          | 6.4          | 5.8          |
| Lansing-East Lansing                             | 4.7          | 4.6          | 4.6          | 4.3          |
| Saginaw-Bay City-Midland                         | 8.6          | 8.1          | 8.2          | 7.6          |
| <b>Multi-County Areas</b>                        |              |              |              |              |
| Northeast Lower Michigan                         | 13.2         | 12.9         | 12.8         | 14.2         |
| Northwest Lower Michigan                         | 9.4          | 9.3          | 9.0          | 9.6          |
| Upper Peninsula                                  | 9.1          | 9.2          | 9.3          | 10.0         |
| <b>Michigan Statewide Average</b>                |              |              |              |              |
| --Unadjusted (comparable to figures shown above) | 7.4          | 7.2          | 7.2          | 7.0          |

Source: Michigan Department of Career Development - Employment Service Agency

\* Preliminary

## Michigan Regional Unemployment Rates

**March 2002 and March 2003**



Source: Michigan Department of Career Development - Employment Service Agency

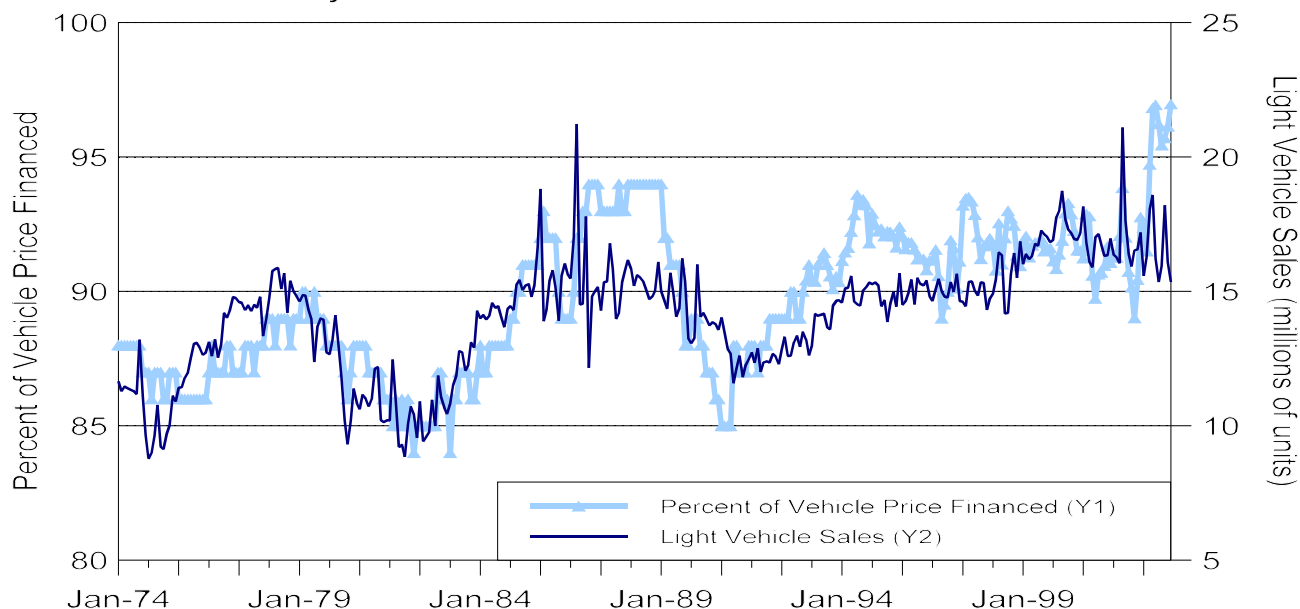
### MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

|   | Mar.<br>2003 | Feb.<br>2003 | Jan.<br>2003 | Dec.<br>2002 | Year<br>Ago Mar. | <u>Percent Change From:</u> |                         |
|---|--------------|--------------|--------------|--------------|------------------|-----------------------------|-------------------------|
|   |              |              |              |              |                  | Mar./Feb..                  | Mar. 2003/<br>Mar. 2002 |
| <b>Motor Vehicle Sales<sup>1,2)</sup></b>               |              |              |              |              |                  |                             |                         |
| Autos   | 7,735        | 7,333        | 8,144        | 8,416        | 8,144            | 5.5%                        | (5.0)%                  |
| Domestics   | 5,534        | 5,177        | 5,898        | 6,148        | 5,882            | 6.9                         | (5.9)                   |
| Imports   | 2,201        | 2,156        | 2,246        | 2,268        | 2,262            | 2.1                         | (2.7)                   |
| Import Share  | 28.5%        | 29.4%        | 27.6%        | 26.9%        | 27.8%            | —                           | —                       |
| Light Trucks  | 8,334        | 8,013        | 7,951        | 9,790        | 8,422            | 4.0                         | (1.0)                   |
| Domestics   | 7,008        | 6,891        | 6,858        | 8,655        | 7,346            | 1.7                         | (4.6)                   |
| Imports   | 1,326        | 1,122        | 1,093        | 1,135        | 1,076            | 18.2                        | 23.2                    |
| Import Share  | 15.9%        | 14.0%        | 13.7%        | 11.6%        | 12.8%            | —                           | —                       |
| Heavy Trucks  | 363          | 384          | 370          | 386          | 377              | (5.5)                       | (3.7)                   |
| Total   | 16,432       | 15,730       | 16,465       | 18,592       | 16,943           | 4.5                         | (3.0)                   |
| <b>U.S. Motor Vehicle Production<sup>1,2)</sup></b>     |              |              |              |              |                  |                             |                         |
| Autos   | 4,340        | 4,534        | 5,300        | 4,398        | 4,850            | (4.3)                       | (10.5)                  |
| <b>Michigan Motor Vehicle Production<sup>2,3)</sup></b> |              |              |              |              |                  |                             |                         |
| Autos   | 1,442        | 1,459        | 1,874        | 1,386        | 1,601            | (1.2)                       | (9.9)                   |
| Trucks  | 1,063        | 1,184        | 1,344        | 1,114        | 760              | (10.2)                      | 39.8                    |
| Total   | 2,505        | 2,643        | 3,219        | 2,501        | 2,361            | (5.2)                       | 6.1                     |
| Michigan Production as % of U.S.                        | 23.3%        | 22.5%        | 23.6%        | 22.7%        | 22.3%            | —                           | —                       |
| <b>U.S. Motor Vehicle Inventories<sup>4)</sup></b>      |              |              |              |              |                  |                             |                         |
| Total Car   | 1,772        | 1,829        | 1,756        | 1,654        | 1,557            | (3.1)                       | 13.8                    |
| Days Supply   | 64           | 73           | 78           | 64           | 53               | (12.3)                      | 20.8                    |
| Total Truck   | 2,253        | 2,116        | 1,986        | 1,812        | 1,672            | 6.5                         | 34.7                    |
| Days Supply   | 79           | 82           | 94           | 56           | 58               | (3.7)                       | 36.2                    |

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates.  
3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

## Light Vehicles Sales Versus Auto Financing

Sales Closely Track the Share of the Vehicle Price Financed



Source: U.S. Department of Commerce and Federal Reserve Board of Governors

### OTHER KEY ECONOMIC INDICATORS

| Variable  | Latest Period                | Actual Data   |                 |           | Percent Change From: |          |
|---|------------------------------|---------------|-----------------|-----------|----------------------|----------|
|   |                              | Latest Period | Previous Period | Year Ago  | Previous Period*     | Year Ago |
| <b>Weekly Leading Index</b> , monthly <sup>1)</sup> (1992=100)                                  | Apr.                         | 119.0         | 118.7           | 121.3     | 0.3%                 | (1.9)%   |
| <b>Coincident Index</b> <sup>1)</sup> (1992=100)  | Apr.                         | 137.1         | 137.2           | 135.5     | (0.1)                | 1.2      |
| <b>Housing Starts, U.S.</b> <sup>2)</sup><br>(thousands of units, SAAR)                         | Apr.                         | 1,630         | 1,748           | 1,587     | (6.8)                | 2.7      |
| <b>Retail Sales, U.S.</b> <sup>2)</sup><br>(billions, seasonally adjusted)                      | Apr.                         | \$280.4       | \$280.6         | \$269.7   | (0.1)                | 4.0      |
| <b>Industrial Production Index</b> <sup>3)</sup> (1992=100)<br>(seasonally adjusted)            | Apr.                         | 109.7         | 110.2           | 110.1     | (0.5)                | (0.4)    |
| <b>Capacity Utilization</b> <sup>3)</sup><br>(% of total capacity, seasonally adjusted)         | Apr.                         | 74.4          | 74.8            | 75.6      | (0.6)                | (1.6)    |
| <b>Consumer Price Index</b> <sup>4)</sup> (1982-84=100)<br>U.S. (seasonally adjusted)           | Apr.                         | 183.3         | 183.9           | 179.3     | (3.8)                | 2.2      |
| Detroit (not seasonally adjusted)   | Apr.                         | 182.2         | 182.4           | 179.0     | (0.7)                | 1.8      |
| <b>Interest Rates</b>   |                              |               |                 |           |                      |          |
| 3-month Treasury Bill <sup>3)</sup>   | Apr.                         | 1.14%         | 1.13%           | 1.72%     | ---                  | ---      |
| Corporate Aaa Bonds <sup>3)</sup>   | Apr.                         | 5.74%         | 5.89%           | 6.76%     | ---                  | ---      |
| <b>Real Gross Domestic Product</b> <sup>5)</sup><br>(billions of 1996 \$, SAAR, chain-weighted) | 2003<br>1 <sup>st</sup> Qtr. | \$9,556.0     | \$9,518.2       | \$9,363.2 | 1.6                  | 2.1      |
| <b>Michigan Tax Collections</b> <sup>6)</sup><br>(12 major taxes, millions)                     | Apr. 2003                    | \$1,697.4     | \$1,239.2       | \$1,795.4 | NM                   | (5.5)    |

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

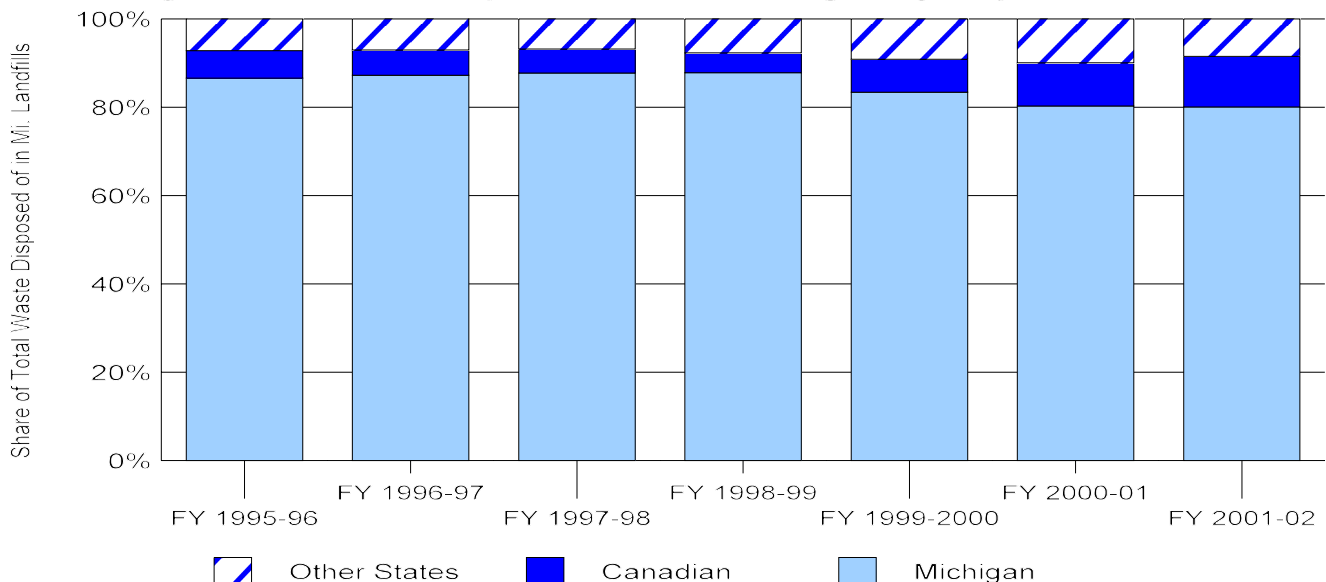
Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

## Solid Waste Disposed of in Michigan Landfills

Michigan Waste Comprises a Declining Majority of the Total



Source: Michigan Department of Environmental Quality